

Message Text

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ACTION IO-10

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TAGS: ETEL ITU AFIN

SUBJ: ITU BUDGETS FOR 1975 AND 1976

REFS: GENEVA 1544

1. ITU FINANCE DIRECTOR PRELAZ HAS GIVEN TEL ATT FOLLOWING DEFINITIVE BACKGROUND ON AGENDA ITEMS 12.1 AND 12.2 TO BE CONSIDERED BY COMMITTEE 1 (FINANCE) AND SUBSEQUENTLY BY PLENARY OF ADMINISTRATIVE COUNCIL, WHICH MEETS HERE JUNE 7-27. THESE FIGURES SUPERSEDE THOSE CONTAINED, IN MORE TENTATIVE FORM, IN REFTEL.

A. ADDITIONAL CREDITS FOR 1975 (ITEM 12.1): SYG WILL ASK ADMINISTRATIVE COUNCIL TO APPROVE 1,440,300 SWISS FRANCS IN ADDITIONAL CREDITS FOR THE CY 1975 BUDGET WHICH, AS NOW ADJUSTED, WOULD TOTAL 48,747,700SF AS OPPOSED TO THE 47,307,400 SF VOTED BY 29TH ADMINISTRATIVE COUNCIL.

THESE NEW CREDITS ARE PRINCIPALLY TO MEET 6 PERCENT INCREASE IN UN PROFESSIONAL SALARIES WHICH WENT INTO EFFECT ON JANUARY 1, 1975 AT AN ADDITIONAL COST OF 1,226,300 SF FOR CY 1975. ANOTHER INCREASE WAS FOR SECOND SESSION OF REGIONAL LF/MF BROADCASTING CONFERENCE THIS FALL, COSTS UNCLASSIFIED

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FOR WHICH WILL EXCEED EARLIER ESTIMATES. THE TCD BUDGET

IS INCREASED 170,800 SF TO MEET SALARY INCREASES AND
THE PUBLICATIONS BUDGET IS INCREASED 40,800 SF.

THE COUNCIL DECIDED AT ITS 29TH SESSION TO INCLUDE
1,570,000 SF IN THE 1975 BUDGET FOR THE RESERVE ACCOUNT.
THIS ACCOUNT WILL NOW BE USED TO COVER THE BULK OF THE
1975 BUDGET OVERAGE REPORTED ABOVE. HENCE, IN CONTRAST
WITH 1974, THERE WILL BE NO NEW ASSESSMENT OF MEMBER STATES
TO MEET THE MID-YEAR ADJUSTMENT IN THE 1975 BUDGET. IT WILL
BE RECALLED THAT IN 1974 IT WAS NECESSARY TO IMPOSE AN
ADDITIONAL ASSESSMENT OF 11,500 SF PER CONTRIBUTION
UNIT FOR THE YEAR. THIS REQUIREMENT NORMALLY FOLLOWS
IN THE YEAR IMMEDIATELY AFTER EACH PLENIPOTENTIARY CON-
FERENCE, PRELAZ REPORTS.

B. BUDGET FOR 1975 (ITEM 12.2): SYG WILL ASK
ADMINISTRATIVE COUNCIL TO APPROVE BUDGET OF 50,167,800
SF FOR 1976. THIS FIGURE EXCEEDS THE TORREMOLINOS
CONVENTION CEILING BY 743,800 SF FOR 1976. TO THIS
OVERAGE MUST BE ADDED THE 1975 EXCESS OVER CEILING OF
163,600 SF, BRINGING THE TOTAL OVERAGE TO BE COVERED
BY THE 1976 BUDGET OF 907,400 SF.

THE FOLLOWING ITEMS ARE ATTRIBUTED BY SYG AS CAUSES
FOR ITU EXCEEDING TORREMOLINOS CELINGS:

ADMINISTRATIVE COUNCIL:

INCREASE IN NUMBER OF INTERPRETERS	8,000 SF
TRIPS TO PEKING FOR PRC INTERPRETERS	18,000 SF
DOCUMENTATION, ADDITIONAL CREDITS TO MEET INFLATIONARY INCREASE OVER 1974 EXPEN- DITURE LEVEL	13,000 SF
TOTAL	39,000 SF

PERSONNEL:

RE-ESTABLISHMENT OF POSITION EXT/VI/8,
(DIRECTOR, EXTERNAL RELATIONS)
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CANCELLED IN 1975 BUDGET 144,000 SF

EMPLOYMENT OF TECHNICAL EDITORS FOR CCIS
CREATED BY COUNCIL FOR SECOND HALF OF
1975 90,000 SF

ADDITIONAL TECHNICAL EDITOR POSTS FOR
CCIS (BEGINNING JAN 1, 1976) AS PER

RESOLUTION OF 29TH AC 235,000 SF

TOTAL 619,000 SF

MISCELLANEOUS:

COMPUTER RENTAL INCREASES, 1976 180,000 SF

INCREASE IN PTT CHARGES FOR TELEPHONE,
ETC., OVER 1974 EXPENDITURE LEVEL 120,000 SF

SAVINGS 50,000 SF

TOTAL 250,000 SF

GRAND TOTAL: 908,000 SF (ROUNDED)

C. ASSESSMENTS FOR 1976: PROPOSED BUDGET FOR 1976
CALLS FOR A CONTRIBUTION BUDGET (FUNDS OBTAINED BY
ASSESSMENT, AS OPPOSED TO OTHER SOURCES OF ITU INCOME) OF
46,523,050 SF. AS A RESULT, BASED ON A TOTAL OF 416 QXW
CONTRIBUTORY UNITS, THE 1976 UNIT ASSESSMENT WOULD BE
111,700 SF.

AS THE US HAS AGREED TO PAY FOR 30 UNITS, THE TENTATIVE
US ASSESSMENT FOR 1976--AGAIN BASED ON AC APPROVAL OF
BUDGET EXCEEDING CEILING--WOULD BE 3,351,000 SF.

D. COMMENTS: CCI DIRECTORS CROZE AND KIRBY
STRONGLY CONTEND THAT CEILING OVERAGE IN 1976 BUDGET
SHOULD NOT BE ATTRIBUTED TO CARRYING OUT 29TH ADMINISTRA-
TIVE COUNCIL DECISION TO ADD TECHNICAL EDITOR POSTS TO
CCI COMPLEMENTS. THEY CONTEND THAT OTHER ASPECTS OF
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1976 BUDGET SHOULD BE REGARDED AS CONTRIBUTING TO THAT
OVERAGE.

THE WORST DEFICIT IN THE 1976 BUDGET IS IN OVERHEAD
ADMINISTRATIVE COSTS OF TECHNICAL COOPERATION DEPARTMENT.
DEFICIT FOR 1976 WILL BE 2,184,515 SF AS OPPOSED TO
1,212,915 SF IN CORRECTED 1975 BUDGET AND ONLY
681,439 SF IN 1974. THE CUMULATIVE TCD OVERHEAD COST
DEFICIT IS NOW 3,384,315 SF. THERE WAS CONSIDERABLE
CONCERN EXPRESSED AT THE MARCH MEETING OF THE ITU
COORDINATION COMMITTEE OVER THIS DEFICIT, WITH MEMBERS OF
THE COMMITTEE URGING TCD TO FIND MEANS OF CUTTING THIS
DEFICIT AT ONCE. IT WAS NOTED, ALSO, THAT THE UNDP
GOVERNING COUNCIL HAS PUT OFF UNTIL 1977 ANY CHANGE IN THE
CURRENT 14 PERCENT RATE OF OVERHEAD COSTS ALLOCATION TO

PARTICIPATING AGENCIES.

ON THE POSITIVE SIDE, PRELAZ NOTES THAT BUILDING AMORTIZATION COSTS ARE NOW GOING DOWN AND THAT ARREARAGES SHOW A 17 PERCENT REDUCTION OR 1,000,000 SF LESS IN 1975. HE CITES SPECIFICALLY THAT BY THE END OF 1975 THE OLD ITU BUILDING (FIVE STORY BUILDING ON RUE VAREMBE) WILL BE FULLY PAID AND THAT WHEREAS AMORTIZATION COSTS FOR 1975 WILL TOTAL 2,075,000 SF; AMORTIZATION COSTS FOR 1976 WILL BE ONLY 1,295,000 SF.

E. RECOMMENDED US POSITION: RECOMMEND US OPPOSE ITU EXCEEDING TORREMOLINOIS BUDGET CEILING FOR 1976, BUT EQUALLY INSIST THAT CCI POSITIONS BE FILLED AS DECIDED BY 29TH AC. SAVINGS NEEDED TO BALANCE BUDGET CAN BE FOUND, INTER ALIA, IN SUGGESTIONS OF REPORT OF PANEL OF PERSONNEL/MANAGEMENT EXPERTS WHO SUGGEST SAVINGS OF UP TO 2,000,000 SF THROUGH ELIMINATION OF NUMEROUS POSTS THROUGHOUT THE ENTIRE ITU. ALTHOUGH IT IS CLEAR--AND THIS WILL BE REPORTED SEPARATELY--THAT REPORT OF PERSONNEL/MANAGEMENT PANEL OF EXPERTS CANNOT BE ACCEPTED AS IS WITHOUT FURTHER STUDY, THERE ARE STILL SUGGESTIONS IN THEIR REPORT THAT CAN BE UTILIZED TO FIND SAVINGS IN PROPOSED 1976 BUDGET.
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